

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

816H0036

SENATE BILL NO. 100

Introduced by: Senators Dennert and Symens and Representatives Elliott, Bartling, Begalka, Frost, Hargens, Hundstad, Lange, Sigdestad, and Sutton (Duane)

1 FOR AN ACT ENTITLED, An Act to revise the formula for reducing state aid to education due
2 to an excessive general fund balance.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 13-13-10.1 be amended to read as follows:

5 13-13-10.1. Terms used in this chapter mean:

6 (1) "Average daily membership," the average number of resident and nonresident
7 kindergarten through twelfth grade pupils enrolled in all schools operated by the
8 school district during the previous regular school year, minus average number of
9 pupils for whom the district receives tuition, except pupils described in subdivision
10 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42 and plus the
11 average number of pupils for whom the district pays tuition;

12 (1A) Nonresident students who are in the care and custody of the Department of Social
13 Services, the Unified Judicial System, the Department of Corrections, or other state
14 agencies and are attending a public school may be included in the average daily
15 membership of the receiving district when enrolled in the receiving district. When



counting a student who meets these criteria in its general enrollment average daily membership, the receiving district may begin the enrollment on the first day of attendance. The district of residence prior to the custodial transfer may not include students who meet these criteria in its general enrollment average daily membership after the student ceases to attend school in the resident district;

(2) "Adjusted average daily membership," calculated as follows:

(a) For districts with an average daily membership of two hundred or less, multiply 1.2 times the average daily membership;

(b) For districts with an average daily membership of less than six hundred, but greater than two hundred, raise the average daily membership to the 0.8293 power and multiply the result times 2.98;

(c) For districts with an average daily membership of six hundred or more, multiply 1.0 times their average daily membership;

(3) "Index factor," is the annual percentage change in the consumer price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment or three percent, whichever is less;

(3A) "Enrollment adjustment," is one-half of the negative of the annual percent change in the statewide general enrollment average daily membership for the year before the year immediately preceding the year of adjustment;

(4) "Per student allocation," for the period January 1, 1997, to June 30, 1997, inclusive, is \$1,675. For school fiscal year 1998, beginning on July 1, 1997, the per student allocation shall be \$3,350 increased by the index factor. Each school fiscal year thereafter, the per student allocation shall be the previous fiscal year's per student

1 allocation increased by the index factor, plus the enrollment adjustment;

2 (5) "Local need," the per student allocation multiplied by the adjusted average daily
3 membership;

4 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
5 applying the levies established pursuant to § 10-12-42;

6 (6A) "State aid ratio," the quotient obtained by dividing the amount of state aid to
7 education by the sum of state aid to education and local effort for the previous fiscal
8 year;

9 (7) "General fund balance," the unreserved fund balance of the general fund, less general
10 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
11 out of the general fund for the previous school fiscal year, all multiplied by the state
12 aid ratio;

13 (8) "General fund balance percentage," is a school district's general fund balance divided
14 by the school district's total general fund expenditures for the previous school fiscal
15 year, the quotient expressed as a percent;

16 (9) "General fund base percentage," is the general fund balance percentage as of June 30,
17 2000. However, the general fund base percentage ~~can never increase and can never~~
18 not be less than twenty percent;

19 (10) "Allowable general fund balance," the fund base percentage multiplied by the district's
20 general fund expenditures in the previous school fiscal year;

21 (11) "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5
22 percentage points;

23 (12) "General fund exclusions," revenue a school district has received from the imposition
24 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received

1 from gifts, contributions, grants, or donations; revenue a school district has received
2 under the provisions of §§ 13-6-92 to 13-6-96, inclusive; and any revenue in the
3 general fund set aside for a noninsurable judgment.